

## **CITY OF ALAMEDA**

### **Memorandum**

To: Honorable Mayor and  
Members of the City Council

From: John A. Russo  
City Manager

Date: October 4, 2011

Re: Authorize the City Manager to Execute a Memorandum of Agreement Between the City of Alameda and Harbor Bay Isle Associates Regarding Application Processing and Preparation of a Property Exchange Agreement Related to a Proposal for a Land Exchange and Funding for the Chuck Corica Golf Complex Course Improvements and New Sports Fields on North Loop Road

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### **BACKGROUND**

On November 6, 2008, the City Council authorized the City Manager to enter into a one-year agreement with KemperSports Management to provide interim management of the Chuck Corica Golf Complex (December 2008-December 2009). In July 2009, staff prepared a Request for Proposals seeking a long-term operator to provide management, operational, and maintenance functions on a long-term lease basis. The City was also looking for a firm willing to invest much-needed funds in capital improvements, an investment the City had been unable to make for many years. Following an extensive review, the City Council approved the selection of KemperSports Management on March 16, 2010, and directed staff to begin negotiations for a long-term agreement. Between March 2010 and December 2010, City staff worked with KemperSports Management to develop a number of scenarios for the future long-term operation of the Chuck Corica Golf Complex.

On April 12, 2011, the City Council held a special meeting regarding golf in order to discuss a revised Kemper proposal in which Kemper would have retained the existing 36-hole course configuration and made improvements to the golf course and the driving range. The funding for the improvements would have been taken from revenues from the course and not from KemperSports Management. The renovations included work on the drainage and irrigation, renovation of the driving range, replacing the greens on the Jack Clark Course, renovating the tees and bunkers on the Jack Clark Course, and repairing the cart paths.

At the April 12, 2011, meeting, Mr. Tim Hoppen, President of Doric Realty (Harbor Bay Isle Associates, HBIA), asked the City Council to delay making a decision on the Kemper proposal and consider an alternative proposal in which the City would “swap” the Mif Albright 9-hole course for land that HBIA owns on North Loop Road. The City

Attachment 4  
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Council agreed to delay its decision on the Kemper proposal in order to allow HBIA an opportunity to further develop its proposal.

On July 12, 2011, the City Council held a meeting to hear HBIA's "swap" proposal in more detail. The HBIA proposal included the following elements:

- The City and HBIA would "swap" 12.2 acres at North Loop Road for the 12.2 acres currently occupied by the Mif Course.
- The City and Kemper would rebuild the Mif Course adjacent to the reconfigured and improved Jack Clark 18-hole Golf Course.
- The City would build new playing fields on the North Loop Road site.
- HBIA would contribute \$5 million to the construction of the Golf Course improvements and the playing fields.
- HBIA would work with the North Loop Business Association, and the Harbor Bay Business Park to identify additional private funds for the construction and maintenance of the playing fields.
- HBIA would seek to entitle the Mif Albright property for up to 116 homes.

After hearing public comment on the proposal, the City Council directed staff to study the proposal and return with the results of that analysis and a firm proposal for moving forward. Since the July 12, 2011 City Council meeting, staff has been meeting with HBIA and evaluating the feasibility of the proposal. This work has resulted in a recommended draft Memorandum of Agreement (MOA) with HBIA that would document a process for further evaluation and decision-making (Exhibit 1). HBIA has covered all of the staff costs, including consultant and legal costs, associated with the work completed to date.

## DISCUSSION

Given that the City Council cannot make any final decisions on the wide range of actions that would be needed to accomplish the proposal until such time that a complete environmental review has been completed, City staff and HBIA have been focusing recent discussions on a draft MOA. This agreement would establish a process by which HBIA and the City would work together to further develop, further evaluate, and ultimately, make a decision as to whether the proposal is in the best interests of the City of Alameda.

Approval of the MOA by the City Council and HBIA does not represent an approval of the proposal, nor does approval of the MOA commit the City Council to approve the proposal at a future date. Approval of the MOA by the City Council and HBIA establishes a process by which both parties (the City and HBIA) will work together to further evaluate the proposal and establishes a source of funds for the City of Alameda to complete a full evaluation of the HBIA Proposal.

The draft MOA includes the following terms:

- Term: HBIA and the City will work together to further evaluate the proposal until a final decision is made by the City Council on the proposal or March 31, 2012, whichever comes first.
- Costs: HBIA will cover all costs, including City staff time and City consultant time, including legal services, to evaluate the proposal and prepare all necessary documents and reports, including the Environmental Impact Report (EIR), exchange agreements, and all legal and financial documents for City Council consideration.
- Products: The objective of the work to be completed under the MOA is a package of documents for community and City Council consideration. The package would include:
  1. An EIR evaluating all environmental aspects of the proposal. (To inform the planning effort and the MOA discussions, work on the EIR has already begun with funds provided by HBIA.)
  2. A draft resolution, a draft ordinance, and a Planning Board recommendation on the proposed re-designation and rezoning of the Mif property from Open Space to Residential.
  3. A draft resolution and a Planning Board recommendation on a tentative map for up to 130 single family homes on the Mif property. (See Exhibit 2 for a conceptual layout of 130 lots on the Mif property.)
  4. A draft amendment to the 1989 Harbor Bay Development Agreement (DA) to include the new 130-unit "village".
  5. A recommendation from the Golf Commission on the proposed re-configuration of the Jack Clark Course to accommodate the relocated Mif 9-hole Course. (See Exhibit 3 for a conceptual draft layout of the reconfigured course.)
  6. A draft resolution, a draft ordinance, and a Planning Board recommendation on the proposed re-designation and rezoning of North Loop Road from Commercial Manufacturing to Open Space in the General Plan and Zoning Ordinance.
  7. A recommendation from the Recreation and Park Commission on the proposed recreational facilities on the North Loop Road. (See Exhibit 4 for a conceptual layout for new playing fields at North Loop Road.)

8. A draft Property Exchange Agreement (PEA) for the “swap” of the two properties. HBIA would give the City 12.2 acres of land that it owns on North Loop Road, and the City would give HBIA 12.2 acres owned by the City and currently occupied by the Mif Albright 9-hole course.
- City Commitments: Per the draft MOA, the City is committed to work expeditiously to complete the package of documents described above and bring the products to the Boards, Commissions, and City Council for consideration. Per the MOA, the City Council retains the ability and right to deny or amend the packages without incurring any financial penalties or repaying any of the costs incurred by HBIA in producing the package of documents.
  - Financial Contributions: If the City Council approves the package of documents described above, including the PEA, DA Amendment, and a 130-unit Tentative Map, then HBIA would provide the City with \$7.2 million in addition to the 12.2 acres of land on North Loop Road valued at approximately \$8 million in the City’s appraisal, in exchange for the rezoned Mif property and the development rights afforded to HBIA under the amended development agreement. The Mif property was appraised at approximately \$9 million assuming entitlements for 116 homes would be pursued on 14 acres. The \$7.2 million would be made available to the City within a specified time after approval of the PEA for the City to use for, among other things, reconfiguration and improvement of the Golf Complex, relocation of the 9-hole course, and building the sports complex on North Loop Road. If the City Council approves the package, and if for some reason HBIA were unable to provide the funds, the City would retain a \$200,000 deposit toward the payment provided by HBIA upon approval of the MOA. In the event that the City Council approves the package, but in the process, reduces the number of units or requires off-site improvements as conditions on the Map (e.g. traffic, sewer, and storm drain improvements) that exceed \$2.5 million in costs, HBIA has the right to reject the proposal without losing its \$200,000 deposit.
  - Additional Financial Partners: HBIA will work with the North Loop Road Business Association, the Harbor Bay Business Park Association, and companies located near the North Loop Road site to contribute additional funding for construction and maintenance of the sports facilities so that no public dollars are required to implement and maintain the sports fields. User fees are also anticipated to be an important source of funds for the maintenance of the fields.

Major Issues to be Evaluated During the MOA Period:

If the City Council chooses to enter into the recommended MOA, the community should be aware that there are still a number of major issues to be resolved. The MOA is designed to provide a process whereby the major issues can be studied, solutions can be recommended, and the City Council can be better informed before making a final decision on the proposal. Some of the major issues include:

- Traffic, Sewer, Storm Drain and Off-site Costs: From the City's perspective, it will be essential to ensure that the proposal does not result in unacceptable off-site impacts (e.g. traffic, sewer, flooding) on the Bay Farm island community, and that the City is not faced with unexpected costs to improve these types of facilities in the future as a result of the project.

Traffic on Island Drive in the morning commute hour is currently a major concern for many Bay Farm Island residents. Through the EIR process and the Planning Board hearings, the City staff and consultants will attempt to develop a series of transportation improvements that will minimize the impact of the additional traffic generated by the proposal on the Bay Farm Island community. City staff and a team of consultants are also currently studying how best to provide storm water and sewer service for the new homes on the Mif property. The community's reaction and comfort with the traffic solutions and the other off-site issues will be important to the Planning Board's recommendations and the City Council's ultimate decision on the project

- North Loop Road Proposed Sport Fields Plan, Construction and Maintenance Costs: The MOA provides an opportunity to further study and evaluate the costs of building and maintaining the new playing fields proposed at North Loop Road. Ensuring that the City has the necessary resources identified to build and maintain the sports fields will be essential information for the City Council's final deliberations on the proposal. The Recreation and Park Commission's recommendations will also be critical input to the final deliberations, as will the recommendations of the North Loop Road Business Association.
- Golf Course Complex Improvement Plan and Costs: The MOA provides an opportunity to further study and evaluate the proposed reconfiguration of the Jack Clark Course and the costs to move the 9-hole course and improve the Chuck Corica Golf Complex. In order to ensure that the new Mif Course can fit on the existing Jack Clark Course property, HBIA hired Gary Linn of Knott & Linn, a golf course designer, to develop the plan for the course. That plan (Exhibit 3) preserves 18 championship holes on the Jack Clark Course while allowing for a new Mif Albright Par 3 course that utilizes land on the Jack Clark Course as well as some of the undeveloped land near the Driving Range. Over the course of the next few months, the staff and consultant team will continue to work with Kemper, Recreation and Parks staff and others to ensure that the City has the necessary resources identified to make these improvements. The Golf Commission's advice on the proposed reconfigurations will also be important input to the City Council's ultimate decision on the project.

## FINANCIAL IMPACT

Entering into the MOA would not have a financial impact on the General Fund. Per the MOA, HBIA would cover all of the City costs incurred during the MOA period.

RECOMMENDATION

Authorize the City Manager to execute a Memorandum of Agreement between the City of Alameda and Harbor Bay Isle Associates regarding application processing and preparation of a Property Exchange Agreement related to a proposal for a land exchange and funding for the Chuck Corica Golf Complex Course improvements and new sports fields on North Loop Road.

Respectfully submitted,



Andrew Thomas  
Planning Services Manager

Exhibits:

1. Draft Memorandum of Agreement between HBIA and the City of Alameda
2. Preliminary layout for 130 homes on Mif Site
3. Preliminary layout for reconfiguration of Jack Clark Golf Course
4. Preliminary layout for sports fields on North Loop Road